

**AGENDA ITEM 4
AUDIT RESOLUTION STATUS
TRACKING REPORTS – INTERNAL AUDITS
(PRIOR YEAR REPORTS WITH CURRENT YEAR UPDATES)
AS OF JUNE 30, 2005**

Audit Activity (Report Issue Date)	Responsibility	Description of Risk / Finding	Status/Comments
Processing of Employer Payroll Reports and Membership Applications (01/25/95)	Actuarial and Employer Services	2. The payroll discrepancy system lacks adequate monitoring and supervision.	COMPLETE. On March 1, 2005, the ACES Payroll Edits functionality went live to address this issue. With the new Edits, employers are now being notified of the payroll discrepancies immediately as they submit their payroll files and are not allowed to continue processing until the errors are corrected.
Follow up Review of Information Security Corrective Actions (05/03/00)	Information Security Office	10. A review of the COMET environment found a number of production files that could not be identified as to source or purpose.	IN PROGRESS. The initial finding addressed over 28,000 files that were unprotected production files on the system. Information Security Office reset the parameters to a more secure default. Information Security Office separated the files and made an initial designation according to purpose. Those files that pose a risk to the system will be researched and either deleted or categorized according to purpose. While a significant number of files have been identified, there are a significant number of files that still require identification.
Review of the Member Home Loan Program (08/25/00)	Investment Office	2. There is no independent verification of First Nationwide records and reports. The current contract neither requires First Nationwide to have its internal controls evaluated periodically, nor does it allow CalPERS to audit First Nationwide records.	IN PROGRESS. Investment Office has included audit provisions in the CitiMortgage contract. However, CitiMortgage acts as a third-party administrator and thus, the contract should have a Statement of Auditing Standards (SAS) 70 requirement as well. Investment Office is working with CitiMortgage in obtaining a SAS 70 or information that is equivalent.

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Review of the Member Home Loan Program (08/25/00) (continued)	Fiscal Services	2.2 Fiscal Services should increase its oversight over State Street's recording to ensure that loan losses are adequately supported and interest income accrual is reasonable.	IN PROGRESS. Fiscal Services is developing procedures for interest accruals and anticipates completing in the first quarter of 2005/2006.
Review of Derivative Uses and Strategies (7/10/01)	Investment Office	<p>2. Investment Office should ensure it reports all significant counterparty exposures on its management reports.</p> <p>3. Before implementing any derivative strategy, the necessary system infrastructure must be in place. Investment Office, Fiscal Services and Information Technology Services should be included in planning system infrastructure.</p>	<p>COMPLETE. The Counterparty Exposure Summary Report and Counterparty Exposure Detail Report are now automated as part of the Risk Measurement System. These reports capture non-exchange traded positions. Securities with extended settlement periods are typically mortgaged backed securities. These securities and their settlement terms are captured separately within the BlackRock Fixed Income System.</p> <p>COMPLETE. Derivatives positions are captured daily within the Insight file and are uploaded into the Risk Measurement System for processing. All existing derivatives holdings are captured and new instruments are added as they become known.</p>
Review of Internet Security (7/30/01)	Information Security Office	<p>1. A procedure or method to encrypt confidential data in e-mail is not provided as required by CalPERS' Electronic Communication System Guidelines.</p> <p>2.1 Monitoring and follow-up of intrusion detection alerts are not formalized to assure timely recognition and adequate response.</p>	<p>COMPLETE. The Information Security Office has updated the Encryption of Electronic Communications practice to include approved methods to encrypt confidential data.</p> <p>COMPLETE. Innovation Services Division has established a process for monitoring and resolving all intrusion detection alerts.</p>

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Review of Internal Controls SAM 20060 (Financial Integrity and State Managers' Accountability) (7/31/01)	Fiscal Services	3.3 Fiscal Services does not maintain an aging of accounts receivable in the benefit revolving fund.	IN PROGRESS. Fiscal Services is currently developing a new report with the assistance from Information Technology Services to achieve the aging of accounts receivable. It anticipates to complete in one year.
	Operations Support Services	5. Information technology contracts are not administered adequately. Specifically, Information Technology Services does not have a comprehensive procedure manual, does not monitor contracts adequately for budgets, expenditures, and contract expirations, has not clarified the roles and responsibilities for monitoring contract activities, and lacks service level agreements.	COMPLETE. Operations Support Services has developed procedures for monitoring contracts and clarified roles and responsibilities for contract managers. Information Technology Services and Operations Support Services monitor contract budgets and expenditures by PeopleSoft's built-in system and payment approval process.
Client Specific Review of State Street Corporation (7/31/01)	Fiscal Services	5.1 Old tax reclaim receivables from the previous custodian are still on the books as a receivable. Documentation supporting the receivables either proved the receivables were erroneous or did not exist. Collectibility of these is very questionable.	COMPLETE. The receivable balance for tax reclaim for this account was properly written off, per legal advice, as it was deemed uncollectible.
Payroll Reporting Errors Process (6/28/02)	Actuarial and Employer Services	1.2 Actuarial and Employer Services should work with Information Technology Services to fix and restore the report to generate valid payroll reporting errors.	COMPLETE. On March 1, 2005, the ACES Payroll Edits functionality went live. With the new Edits, employers are now being notified of the payroll discrepancies immediately as they submit their payroll files and are not allowed to continue until the errors are corrected. This process has decreased the amount of discrepancies generated from the old process and is allowing payroll unit management to streamline that process.

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Service Credit Buyback and Plan Transfer Review (7/31/02)	Member Services	3.3 Member Services does not have a corrective action plan to recover an outstanding balance or reduce the member's service credit balance when an account is delinquent.	IN PROGRESS. Member Services has implemented a process to resolve delinquent accounts. Member Services is awaiting legal advice on how it can collect on these accounts. As of now, collection only occurs after retirement as a deduction from the retirement check.
State Street Corporation Securities Accountability Review (8/19/02)	Investment Office	3.3 The securities held should be reconciled to the inventory and accounting records periodically.	IN PROGRESS. The Investment Office now receives a list of physical securities held in the vault from State Street on a monthly basis. This list is reconciled to inventory and accounting records. The Investment Office is currently developing an internal reconciliation process to verify State Street's reconciliation, to be completed by the end of fiscal year 2004-05.
Review of Information Security (8/19/02)	Information Technology Services	3.1 Procedures for detecting, documenting, resolving, and monitoring all critical security events have not been established yet. 4.6 Hiring procedures do not require background checks for information security staff and other sensitive positions.	COMPLETE. Innovation Services Division has established procedures for monitoring critical security events. IN PROGRESS. The Information Security Office has lost track of the draft version of hiring practices and will submit another copy for review and approval to the Legal Office.
Review of the Lock Box Cash Management System (8/22/02)	Investment Office/ Fiscal Services	2. CalPERS should obtain float (collection days) information from its bank, and determine whether a contract amendment is needed for this request.	COMPLETE. The bank provides information on the days of float for the lockbox arrangement.

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Tele-communications Review (9/13/02)	Operations Support Services	2.1 Not all telecommunications equipment is included in the PeopleSoft Asset Management Module.	IN PROGRESS. Operations Support Services is trying to verify the existence of telecommunication equipment that is recorded in the PeopleSoft Asset Management. It anticipates completing this task in December 2005.
	Fiscal Services	2.2 Fiscal Services should reconcile asset management records with the general ledger monthly.	IN PROGRESS. Fiscal Services is currently working on reconciling asset management records with the general ledger. It anticipates completing it by the end of FY 2005-06.
Accounts Receivable Collection Review (9/16/02)	Fiscal Services	4.2 A receivable relating to the building account was posted to an incorrect account and has been outstanding for many years.	COMPLETE. Fiscal Services reversed erroneously posted a building account receivable according to Legal Office's advice. Fiscal Services plans to regularly reconcile all receivable accounts on the general ledger in the future.
	Fiscal Services/ Benefit Services	5.1 Fiscal Services should work with Benefit Services to reconcile outstanding reimbursements of benefits paid directly from the Benefit Revolving Fund, and identify delinquent reimbursements for collection. In addition, inadequate segregation of duties exists. Fiscal Services should work with the mailroom to direct all reimbursement warrants to its Cashiering Unit.	IN PROGRESS. Fiscal Services will work with Benefit Services to reconcile outstanding reimbursements of benefits paid directly from the Benefit Revolving Fund and identify delinquent reimbursements for collection. It hopes the aging report that is being developed helps Benefit Services collect its receivables. Anticipated time of report completion is one year. Reimbursement warrants are not routed directly to Cashiering unit, resolving the segregation of duties issue.
Review of the Judges and Legislators' Retirement Systems (01/21/03)	Member Services	1.1 Member Services should update the written procedures for calculating various retirement benefits for both Judges' and Legislators' Retirement Systems.	IN PROGRESS. Member Services is working on updating its procedures and have several processes completed with a target date of September 30, 2005 for completion of all processes identified.

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Review of the Judges and Legislators' Retirement Systems (01/21/03) (continued)	Member Services	<p>3.1 Member Services should continue to work with Information Technology Services to develop technological resources to support the Judges Retirement System II.</p> <p>4.1 Member Services should take steps to recover the overpayments identified.</p>	<p>IN PROGRESS. Member Services submitted a service request to automate the Judges Retirement System II. Implementation of a Judges Retirement System II retiree calculations pay system is on "hold" pending automation enhancements which may be designed in the Pension System Resumption Project.</p> <p>Currently, the system has a total of two retiree payments and approximately six beneficiary benefit payments going out. Expected growth for Judges Retirement System II in the next few years was minimal.</p> <p>COMPLETE. Member Services has developed procedures for collecting overpayments. Staff has identified overpayments and either sent out overpayment notification letters or is investigating the case.</p>
Review of the Prime Broker Arrangement (5/14/03)	Investment Office	<p>1.1 We recommend that as part of its due diligence process, the Investment Office review a prospective prime broker's financial condition.</p> <p>1.2 We recommend that the Investment Office work with Operations Support Services, the Investment Office's administrative services unit, the Legal Office, and Fiscal Services to establish a prime broker pool.</p>	<p>COMPLETE. The Investment Office no longer has a Prime Broker arrangement. However, the Investment Office will abide by all contract terms and enterprise policies and procedures if it ever contracts with another prime broker.</p> <p>COMPLETE. The Investment Office no longer has a Prime Broker arrangement. However, the Investment Office will abide by all contract terms and enterprise policies and procedures if it ever contracts with another prime broker.</p>

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Review of the Prime Broker Arrangement (5/14/03) (continued)	Investment Office	<p>2.3 We recommend the Investment Office perform periodic reviews of prime broker activity to ensure conformance with program intentions.</p> <p>3.2 We recommended that the Investment Office monitor the prime broker's financial condition on a periodic basis.</p>	<p>COMPLETE. The Investment Office no longer has a Prime Broker arrangement. However, the Investment Office will abide by all contract terms and enterprise policies and procedures if it ever contracts with another prime broker.</p> <p>COMPLETE. The Investment Office no longer has a Prime Broker arrangement. However, the Investment Office will abide by all contract terms and enterprise policies and procedures if it ever contracts with another prime broker.</p>
Review of the External Service Provider Disaster Recovery Environment (6/20/03)	Investment Office	1.1 We recommend contract managers obtain Statement of Auditing Standards (SAS) 70 reports from third-party administrators when appropriate and review for disaster recovery assurance.	COMPLETE. Operations Support Services has the authority to develop and implement enterprise-wide policies and procedures. In all contracts with third-party administrators the Investment Office will follow all policies and guidelines established by Operations Support Services, including any requirement for submission and review of SAS 70 reports.
AB 592 Review (6/30/03)	Employer and Member Health Services	<p>1.1 The AB 592 training manual is outdated, and updates and changes to policies and procedures are not in writing. Health Benefit Services should update the manual to reflect changes.</p> <p>1.2 Files kept did not always contain signed election documents, invoices, calculation worksheets or initial letters to members. Because the current system is manual, it is important to maintain complete documentation to support each case file.</p>	<p>IN PROGRESS. Procedures have been developed and updated. Twenty-five of them have been completed and the remaining 16 are targeted for completion at the end of October 2005. Procedures will be included in the Comprehensive Manual.</p> <p>IN PROGRESS. Health Benefits Branch is developing procedures to ensure all necessary documentation is located in the files. Procedures will be included in the Comprehensive Manual.</p>

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AB 592 Review (6/30/03) (continued)	Employer and Member Health Services	1.3 The AB 592 unit performs member account reviews to identify and correct past discrepancies, but only as time permits. There are no methods in place for case reviews.	IN PROGRESS. There will be a revolving three-year audit account to ensure that no audit is older than six months. This procedure is included in the Comprehensive Manual.
		1.4 Staff may not always receive necessary information to invoice members before deadlines, creating the need for manual adjustments to the reporting system.	IN PROGRESS. COMET reporting, database enhancement, COMET compare reports, knowledge transfer, and the Data Reconciliation Unit help mitigate this risk for existing Complementary Annuitant Premium Program (CAPP) accounts. For potential accounts, which average less than 20 cases per month, manual adjustments are still necessary, but deadlines are being met.
	Fiscal Services	2.1 Fiscal Services cannot reconcile monthly deposits received to the Retirement Information and Benefit System, an important control to ensure accuracy.	IN PROGRESS. Fiscal Services plans to submit a service request to Information Technology Services for the following data: 1) a report that summarizes the balances in the prepaid premium account as of a specific month end and 2) a detailed monthly report that reflects the monthly premiums received and disbursed plus any adjustments as of a specific month to resolve discrepancies.
	Employer and Member Health Services	2.2 The process is costly, due to its manual nature. We recommend management explore the viability of reinstating an administrative fee to partially offset the cost of administering the program.	IN PROGRESS. Historically, CalPERS has not charged an administrative fee for collection of funds. However, Employer and Member Health Services will re-examine the viability of an administrative fee or other alternatives.

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AB 592 Review (6/30/03) (continued)	Employer and Member Health Services	<p>2.3 The current process does not allow for adequate identification and resolution of member accounts that have insufficient funds.</p> <p>2.4 Members with insufficient funds are not immediately cancelled.</p>	<p>IN PROGRESS. Newly instituted processes are in place to provide checks and balances for identification and resolution of accounts. This is made through COMET comparison reports, the Data Reconciliation Unit, and written procedures in the Comprehensive Manual, which is currently being developed.</p> <p>IN PROGRESS. Cancellation of members for non-payment is in accordance with Government Code Section 22802. This procedure is one of the identified 41 procedures to be completed and will be included in the Comprehensive Manual.</p>
Community Property Review (7/11/03)	Member Services	1.1 Member Services should evaluate the possibility of establishing system checks to prevent instances where the separation of community property interests exceeds acceptable limits.	IN PROGRESS. Manual edit and audit steps are in place to attempt to prevent a separation of the community property interest from exceeding acceptable limits. Member Services has requested the new system being built in the Pension System Resumption Project include automated system checks.
Payroll Reporting Process (8/13/03)	Actuarial and Employer Services	4.3 Actuarial and Employer Services should ensure that staff maintain signed security agreements for the primary ACES account administrators.	COMPLETE. Policies and procedures are fully in place and are provided to internal staff during Internal ACES Training. Policies and procedures are fully in place for employers via ACES Users Guide and periodic Account Administrator reminders via Employer News articles, and on the ACES “Splash” page at least once per quarter.
Review of Configuration Management (8/28/03)	Information Technology Services	1.1 Information Technology Services should institute a quality review process to ensure divisions’ Configuration Management plans meet Information Technology Services’ requirements for such plans, and monitor projects for compliance.	IN PROGRESS. Innovation Services Division is in the process of updating the project management process and will include configuration plan requirements in the project management documentation framework.

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Review of Configuration Management (8/28/03) (continued)	Information Technology Services	4.1 An automated change control system would enhance the effectiveness of the change control process.	IN PROGRESS. Information Technology Services and Operations Support Services will be looking into how to address this issue.
Investment Accounting Reconciliation Process Review (10/27/03)	Fiscal Services	2.2 Investment Operations and Fiscal Services should establish procedures regarding resubmission of unposted data to ensure complete data input. 3.2 Fiscal Services should establish procedures regarding write off of discrepancies to ensure consistency and prevent erroneous write-off by staff. 3.3 Fiscal Services should follow up on discrepancies more timely.	COMPLETE. Investment Office and Fiscal Services respectively have developed procedures to address this issue to ensure complete data input for unposted data. IN PROGRESS. Fiscal Services is waiting for the approval of CalPERS' write-off policy before completing its write-off procedures. IN PROGRESS. Although some issues have been resolved, Fiscal Services still has outstanding issues as they are pending, waiting for management decision.
Review of Internal Controls SAM 20060 (Financial Integrity and State Managers' Accountability) (12/22/03)	Information Security Office	1.1 Information Security Office should ensure that an information technology risk analysis is performed at least once every two years, and adjust the risk management practices based on the results of this analysis.	IN PROGRESS. The Information Security Office is currently working on developing this process/program and expects to have it completed by the end of the 2005 calendar year.
	Fiscal Services	4.8 Fiscal Services should deposit the amount of uncashed or unclaimed checks into an escheat revenue account.	COMPLETE. A process is now in place to properly handle uncashed checks or unclaimed checks.

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Review of the Investment Performance Reporting Function (2/10/04)	Investment Office	1.6 The Investment Office should hire staff with advanced understanding and expertise in investment processes for the Performance Monitoring Unit. Candidates should have a strong financial background, and an appropriate professional certification is desirable. To be effectively independent and to mitigate the risk of inaccurate performance reporting, the unit must have the expertise to perform and verify complex transactions, and detect errors or abnormalities.	COMPLETE. The Investment Office has established Investment Officer positions within the Performance Monitoring Unit and has hired and will continue to hire qualified staff to perform the duties outlined in the duty statements for each position.
Review of Pre-Retirement Death Benefits (2/16/04)	Benefit Services	5.1 Benefit Services management should ensure proper review of pre-retirement death benefit payments and work with Operations Support Services to ensure proper imaging of back-up documents.	IN PROGRESS. Management has reminded staff to follow procedures and review documents needed to make correct benefit payments. Since post-process documents are not currently imaged timely, Benefit Services continues to hold death documents until after a benefit is paid before submitting the documents on a flow basis for post-process imaging. This will continue until the death benefits workflow is implemented, which will make all death benefit documents available for review in the Document Management System file prior to the issuance of the death benefit payment. The workflow process is currently scheduled to be implemented in September 2005.
	Benefit Services	5.3 Benefit Services should work with Actuarial and Employer Services and Fiscal Services to determine the feasibility of adding interest adjustments to the Contribution Reporting System before the contributions are removed. Alternatively, Benefit Services can consult with Information Technology Services about expanding the monthly report to list the interest adjustments paid to each beneficiary.	COMPLETE. A service request to modify the bonus interest report was processed and completed in order to align with Fiscal Services' monthly processing.

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Review of the Benefit Equity System (2/18/04)	Member Services	<p>1.3 Member Services should periodically review the listing of personnel with access rights to the system, and add or remove access rights accordingly.</p> <p>4.1 Member Services should ensure that prompt corrective action is taken on all elections.</p>	<p>IN PROGRESS. Member Services Division has developed procedures for granting and removing system access rights. Member Services Division will be performing a quarterly review of the system access list to ensure that access rights have been revoked once they are no longer needed.</p> <p>IN PROGRESS. A service request was filed to address this issue and unnecessary data was deleted from the relevant report. Although the total number of open elections has decreased, there are still 145 older than 3 years.</p>
Review of Health Care Cash Flow (5/7/04)	Employer and Member Health Services	<p>1.1 Employer and Member Health Services should revise contracts with Health Maintenance Organizations to include realistic payment due dates, or re-establish billing schedules to meet CalPERS' contractual payment due dates.</p> <p>1.2 Employer and Member Health Services should work with Enterprise Modeling and Management Division to enhance built-in system controls that ensure all employer accounts are updated and billed properly and completely.</p> <p>1.3 Employer and Member Health Services should work with Operations Support Services to ensure all invoices are generated and mailed.</p>	<p>IN PROGRESS. Employer and Member Health Services has advised the Office of Health Policy and Plan Administration to change the Health Maintenance Organization contracts to include a realistic payment due date for contracting agencies.</p> <p>IN PROGRESS. Employer and Member Health Services submitted a service request to the Information Technology Services Branch to ensure all active contracts in the COMET database have corresponding invoices generated.</p> <p>IN PROGRESS. Employer and Member Health Services have adopted a practice of counting invoices mailed, and verifying that this is the same as the number of invoices generated.</p>

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Review of Health Care Cash Flow (5/7/04) (continued)	Employer and Member Health Services	<p>1.4 Employer and Member Health Services should reconcile the billed amounts with the due amounts to ensure that it bills completely to collect all premiums due to health carriers.</p> <p>2.1 Employer and Member Health Services should fully implement its delinquency policy and procedures as soon as possible and work with Enterprise Modeling and Management Division to establish system functionality allowing assessment of penalties.</p> <p>2.2 Employer and Member Health Services should ensure that detailed written procedures be developed for monitoring outstanding receivables and collection.</p> <p>4.1 CalPERS' payments to health carriers are consistently made after contractual payment due dates. Employer and Member Health Services should revise the contracts to include realistic payment due dates, or re-establish billing schedules to meet the contractual payment due dates.</p>	<p>IN PROGRESS. Employer and Member Health Services will reconcile manually between amounts billed to contracting agencies and amounts due to all health carriers. It submitted a service request to the Information Technology Services Branch to gather this information automatically.</p> <p>IN PROGRESS. Employer and Member Health Services submitted a service request to the Information Technology Services Branch to build the necessary functionality into the Public Agency Billing System.</p> <p>IN PROGRESS. Employer and Member Health Services believe policies and procedures for delinquency control will suffice to monitor outstanding receivables. Detailed collection procedures will be provided by the Enterprise Management of Billing, Accounts Receivable and Collection project, where a centralized collection unit will eventually be formed in Fiscal Services.</p> <p>IN PROGRESS. Employer and Member Health Services has advised the Office of Health Policy and Plan Administration to change the Health Maintenance Organization contracts to include a realistic payment due date for contracting agencies.</p>

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Communication of Survivor Continued Health Care Coverage (5/21/04)	Employer and Member Health Services/ Benefit Services	1.1 Employer and Member Health Services and Benefit Services should streamline the process of informing survivors about survivor benefits. Specifically, each division's initial condolence letters should be consolidated, and information revised to meet individual survivors' specific needs.	COMPLETE. The process was modified. Employer and Member Health Services revised the initial condolence letter, informing the survivor of the subsequent letter to be mailed from Benefit Services.
Review of Self-Funded Health Plan Administration (5/26/04)	Self-Funded Health Plans	<p>2.1 Self-Funded Health Plans should re-calculate the penalty assessments on the Performance Guarantee reports and monitor to validate the actual receipt of the penalty.</p> <p>2.2 Self-Funded Health Plans should ensure that reported recoveries are actually being credited to CalPERS' account balance.</p>	<p>IN PROGRESS. Self-Funded Health Plans verifies the penalty calculations and detail backup to validate the penalty assessment by the third-party administrator. Management has added a step to procedures, whereby staff will validate the administrative service fee calculated by Blue Cross, on which the penalties are based. Specifically, Self-Funded Health Plans has re-calculated the Performance Guarantee penalty assessment and determined the calculations are correct for 2005 based on supporting documents and contract requirements.</p> <p>IN PROGRESS. Self-Funded Health Plan management will modify recovery reconciliation procedures.</p>

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Review of Self-Funded Health Plan Administration (5/26/04) (continued)	Self-Funded Health Plans	<p>2.3 Self-Funded Health Plans should request the Third-Party Administrator provide sufficient information in Special Investigation reports that cover the resolution, control implications and recovery of monies.</p> <p>2.4 Self-Funded Health Plans should determine and formalize ranges of deviations which warrant further evaluation for utilization and claims data.</p> <p>2.5 Self-Funded Health Plans should request Employer and Member Health Services to provide more information on the appeals log that can be used to formally analyze the data for trends and timeliness.</p> <p>2.6 Self-Funded Health Plans should ensure that the issues tracking process captures the items placed on hold and the reasons they were placed on hold.</p>	<p>IN PROGRESS. Blue Cross currently provides detail information on Special Investigation Unit reports as part of the administrative billing that includes status of the resolution and any monies received to date. In addition, the Self-Funded Health Plan staff is providing more oversight and analysis to the review of these documents.</p> <p>IN PROGRESS. Self-Funded Health Plan management will work with the Information Analysis, Research and Development staff to explore what criteria or tolerances may be appropriate. Staff is also working with State Controller's Office to provided management reports that reflect any claims that are over these established tolerances to the Self-Funded Health Plan staff.</p> <p>IN PROGRESS. Although appeal resolution is not currently in the scope of management's authority, Self-Funded Health Plan management has had discussion with the Member Health Services to ensure that timely appeals reports are presented to the Self-Funded Health Plans management. However, to date this process has not begun.</p> <p>COMPLETE. Self-Funded Health Plan management has taken steps to ensure that the issue tracking log is kept current, and clearly documents issue status as well as resolutions.</p>

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Review of Self-Funded Health Plan Administration (5/26/04) (continued)	Self-Funded Health Plans	2.7 Self-Funded Health Plans should request that Employer and Member Health Services provide information on the premium reconciliations performed for this plan.	IN PROGRESS. Although premium reconciliation is not currently in the scope of management's authority, Self-Funded Health Plan management has requested monthly premium reconciliation information be provided to the Self-Funded Health Plans.
		3.1 Self-Funded Health Plans should develop formal policies and procedures for administration of the self-funded health plans.	IN PROGRESS. Self-Funded Health Plan management will resume work on the partially completed manual as resources and priorities permit.
		3.2 Self-Funded Health Plans should ensure that staff performs independent analyses of administrative billings and their supporting documentation. Staff should perform any follow-up work necessary to resolve questionable amounts.	IN PROGRESS. Self-Funded Health Plan management has placed procedures in process to ensure that staff is reviewing and analyzing the administrative billing and supporting documentations for accuracy.
		3.3 Self-Funded Health Plans should conduct more frequent site visits of Third-Party Administrators to review their operations.	IN PROGRESS. Self-Funded Health Plan management sent the new manager and staff to conduct a site visit in January 2005. In addition, management plans to continue this process at least on a bi-annual basis to review different aspects of the operation. On-site visits are being scheduled for August/September 2005.
		4.1 Self-Funded Health Plans should request reports from Employer and Member Health Services on the results of enrollment reconciliations that impact its plan.	IN PROGRESS. Although enrollment reconciliation is not currently in the scope of management's authority, Self-Funded Health Plan management will work with Branch management regarding appropriate monitoring of and accountability for enrollment reconciliation. Requests will be made by November 2005.